## REMARKS

Applicant respectfully requests consideration of the subject application.

Claim 22 has been rejected under the judicially created doctrine of obviousness-type double patenting as being unpatentable over claim 1 of U.S. Patent No. 6,285,989 to Shoham (hereinafter referred to as "Shoham"). Without admitting the propriety of the double patenting rejection, Applicant encloses herewith a terminal disclaimer in compliance with 37 CFR § 1.321(c) to overcome the nonstatutory double patenting rejection for claim 22 and dependent claims 9 – 13.

Claims 1 – 7, and 15 – 21 have been rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent Number 6,449,601 to Friedland (hereinafter "Friedland") in view of U.S. Patent Number 6,405,180 to Tilfors (hereinafter "Tilfors") and in further view of U.S. Patent Number 5,873,071 to Ferstenberg (hereinafter "Ferstenberg"). Claims 9 – 13 and 22 have been rejected under 35 U.S.C. § 103(a) as being unpatentable over Friedland.

Claims 1 and 15 have been amended. The amendments are supported by the specification and no new matter has been added. No additional claims have been canceled or added. As such, claims 1 – 7, 9 – 13, and 15 – 22 remain pending in this application. Applicant reserves all rights with respect to the application of the doctrine of equivalents.

Applicant respectfully submits that claims 1 – 7, and 15 – 21 are patentable over Friedland, Tilfors, and Ferstenberg. With respect to independent claims 1 and 15, the Examiner has stated the following:

> As per claim 1, Freidland (col. 2, ll. 65 – 67; the ABSTRACT; FIG. 14; FIG. 17; FIG 16; FIG. 18; FIG. 5; FIG. 6; FIG. 7; FIG. 10; FIG. 12; FIG. 13; col. 2, ll.42 – 65; col. 8, ll. 27 – 50) shows: "A universal auction system having a programmable auction server the programmable auction server comprising: a plurality of auction modules to be configured by a user to deploy the universal auction system, wherein at least one auction module corresponds to at least one function of an auction selected from the group consisting of a bid verifier to determine the eligibility of one of a plurality of traders to the universal auction system based on previous auction history, [or] an information manager to provide information to be

released by the universal auction system based on an auction classification, [or] a clearer to implement a clearing calculation based on a discriminating allocation policy associated with the one of the plurality of traders, [or] a bid transformer to automatically transform a submitted bid for an item of the one of the plurality of traders during the auction, the transformation being based on the allocation discriminating policy associated with the one of the plurality of traders, wherein the transformed bid is to be compared to bids received from the plurality of traders other than the one of the plurality of traders to determine whether the transformed bid is successful, wherein the submitted bid indicates an amount due for the item when the transformed bid is successful, [or] a proxy bidder to automatically submit a bid of the one of the plurality of traders.

Friedland lacks explicit recitation of "a clearer to implement a clearing calculation based on a discriminating allocation policy associated with the one of the plurality of traders, [or] a bid transformer to automatically transform a submitted bid for an item of the one of the plurality of traders during the auction, the transformation being based on the allocation discriminating policy associated with the one of the plurality of the traders, wherein the transformed bid is to be compared to bids received from the plurality of traders other than the one of the plurality of traders to determine whether the transformed bid is successful, wherein the submitted bid indicates an amount due for the item when the transformed bid is successful . . . .

Tilfors (col. 2, ll. 10 – 11; col. 2, ll. 17 – 18; col. 2, ll. 57 – 58; col. 3, ll. 5 – 6; col. 3, ll. 25 – 30; col. 3, ll. 50 – 51; col. 4, ll. 1 – 5; and col. 6, ll. 60 – 67) discloses: "*different counter parts...*" in an automated trading arena. In this case, the Examiner interprets "different counter parts..." as "a plurality of traders".

Tilfors (col. 2, ll. 15 – 16) discloses *"pre-defined parameters will have new orders automatically generated by the system and that a market maker can act differently with respect to different counterparts"*. The Examiner interprets this disclosure as showing "the allocation discriminating policy associated with the one of the plurality of traders . . . ."

Tilfors (FIG. 1 through FIG. 4; the ABSTRACT; col. 1, ll. 15 – 67; col. 2, ll. 1 – 67; col. 3, ll. 1 – 67; col. 4, ll. 1 – 67; col. 5, ll. 1 – 67; and col. 6, ll. 1 – 67) shows wherein the transformed bid is to be compared to bids received from the plurality of traders other than the one of the plurality of traders to determine whether the transformed bid is successful..."

Tilfors proposes "bid adjustment" modifications that would have applied to the system of Friedland. It would have been obvious to a person of ordinary skill in the art at the time of the invention to combine the disclosure of Tilfors with the teachings of Friedland because such combinations would have provided means so *"the market maker can have reduced volume (risk) when trading with firms..."* (see Tilfors (col. 2, ll. 55 – 60)) and such combination would have provided means for *"an*

*automated exchange system having functionality which makes it possible for market makers to act differently with respect to different counterparts and which therefore can cope with situations where... market makers... enter two way quotes having a very small spread without taking the risk of making undesired matches..."* (see Tilfors (col. 1, ll. 65- 67; and col. 2, ll. 1 – 5)).

Ferstenberg (FIG. 2; and FIG. 4) shows an *"E-AGENT* [and] *INTERMEDIARY."* The Examiner interprets this disclosure as showing an automated proxy bidder."

Ferstenberg (FIG. 7; FIG. 8; and col. 11, ll. 35 – 55) shows an *"ALLOCATION FUNCTION."* The Examiner interprets this disclosure as showing an allocation policy.

Ferstenberg proposes "proxy bidder" and "allocation policy" modifications that would have applied to the system of Friedland. It would have been obvious to a person of ordinary skill in the art at the time of the invention to combine the disclosure of Ferstenberg with the teachings of Friedland because such combination would have provided means for *"intermediated exchange that is capable of facilitating exchanges of multiple commodities for multiple participants..."* (see Ferstenberg (col. 2, ll. 59 – 65)).

Friedland discloses a method for distributing a live auction over the Internet to remote bidders. In particular, Friedland includes the following disclosure:

> If the remote bidder using the DLA client program wishes to submit a bid, he or she clicks a bid button 818, resulting in submission of a bid whose value is equivalent to the current asking price displayed on the client's auction status screen. Once the bid button 818 is clicked, the DLA client program sends a bid message via the Internet to a front-line collector/redistributor node in step 820. The bid is filtered through the DLA and may end up displayed to the DLA human proxy on the DLA auction console. If the client's bid is presented by the DLA human proxy and accepted by the auctioneer, that acceptance will be reflected to the client by subsequent update of the auction status screen 808 via reception by the DLA client program of a subsequent status message from the DLA. If the client's bid is a winning bid, then the client's auction registration information is submitted to the auction house or auction management organization, and the client is notified via the action status screen 808, and additionally notified by other communications methods including e-mail, a telephone call, or some other method. ***Note that the client who submits a winning bid is contractually bound to submit payment for the good or service***, just as a member of the audience present at the site of the live auction is bound to honor a winning bid.
>
> (emphasis added) (Friedland, col. 13, lines 47- 61, and FIG. 8).

As such, in the method of Friedland, the submitted bid that eventually becomes the winning bid reflects the actual amount to be paid by the winner.

Tilfors discloses a method for matching prices between a seller and buyer. In particular, Tilfors includes the following disclosure:

> Thus, first in a step 301 the buy price is received. Next, the sell price is received, step 303. Thereupon it is checked if there are matching orders, step 305. If the outcome of step 305 is yes then wait a short time, e.g. 2 s, step 307, else the procedure proceeds to step 311. When the short time has elapsed, the prices are updated, step 309. Thereupon, a new check is executed for checking if there are still matching prices, step 313. If this is not the case the procedure proceeds to step 311 where it is decided not to match, else the procedure proceeds to a step 315 where a match takes place. In a preferred embodiment, if in the step 305 matching prices are established, the marker makers having the matching offers are marked, and a match only takes place if the same, marked marker makers still wants to trade in step 313. The step 307, can also be repeated a number of times and if the outcome is the same all of the times the match is made in order to even further reduce to risk of making undesired trades.
>
> (Tilfors, col. 5, lines 55 – 67, col. 6, lines 1 – 10, and FIG. 3)

As such, in the method of Tilfors, the matching buy price to the sell price reflects the actual amount to be paid by the buyer, even the though the matching procedure may be repeated until a matching price is reached.

Ferstenberg discloses a method for exchanging multiple commodities for multiple participants. In particular, Ferstenberg includes the following disclosure:

> A memoryless e-agent of the preferred embodiment can use its counter-offer to signal certain preferences to the intermediary. For example, the e-agent can signal its interest in a particular commodity by a counter-offer to take all, or substantially all, of that commodity. Further, the e-agent can signal its satisfaction with the offer as a whole by returning a counter-offer that is identical to the preceding offer. As described, in the preferred embodiment, an e-agent evaluates previous offers according to a "utility" function, together with optional constraints, whose joint extremum determines the counter-offer to a prior offer. Alternatively, the e-agent can use a set of rules, such as expressed in a programming language format, for evaluating offers. At step 14, the negotiation successfully terminates if all the e-agents signal that they are satisfied with their last offers from the intermediary. Preferably, they do this by returning counter-offers that are equal to the previous offers. Alternatively, the

negotiation can be terminated after a predetermined number of steps of negotiation, whether or not all the e-agents signal satisfaction. Upon termination, the participants actually exchange the agreed upon amounts of the commodities using any mutually acceptable known means.

(Ferstenberg, col. 19, lines 19 – 41, and FIG. 2)

As such, in the method of Ferstenberg, the accepted offer price reflect the actual amount to be paid by the buyer.

Applicant respectfully submits that Friedland, Tilfors, and Ferstenberg do not teach or suggest a combination with each other. It would be impermissible hindsight, based on applicant's own disclosure, to combine Friedland, Tilfors, and Ferstenberg.

Even if Friedland, Tilfors, and Ferstenberg were somehow combined, such a combination would lack the claim 1 limitation of "wherein the submitted bid indicates an amount due for the item when the transformed bid is successful, and wherein the submitted bid is a different value relative to the transformed bid" or the claim 15 limitation of "wherein the submitted bid indicates an amount due for the item when the adjusted bid is successful, and wherein the submitted bid is a different value relative to the transformed bid." In particular, the winning bid is the same as the submitted bid in Friedland. The matching buy price to the sell price reflects the actual amount to be paid by the buyer in Tilfors. The successful offer price that is submitted by the buyer reflects the amount to be paid by the buyer in Ferstenberg. Therefore, Applicant respectfully submits that independent claims 1 and 15 are patentable over the combination of Friedland, Tilfors, and Ferstenberg under 35 U.S.C. §103(a). Given that claims 2 – 7 are dependent on independent claim 1, and add limitations, and claims 16 – 21 are dependent on independent claim 15, applicant submits that claims 2 – 7 and 16 – 21 are also patentable under 35 U.S.C. §103(a) in view of Friedland, Tilfors, and

Ferstenberg.

With respect to independent claim 22, the Examiner has stated the following:

> As per claim 22, Friedland (col. 2, ll. 65-67; the ABSTRACT; FIG. 14, FIG. 17, FIG. 16; FIG. 18; FIG. 5; FIG. 6; FIG 7; FIG. 10; FIG. 12; FIG. 13; col. 2, ll. 42-65; col. 8, ll. 27-50) implicitly shows: "A universal specification system comprising: a market specification console configured to receive at least one market protocol from a user, the at least one market protocol including a trading primitive that the user configures to dictate the behavior of the universal auction system; and a programmable auction server coupled to the market specification console via a network connection, the programmable auction server to receive the at least one market protocol defined by the market specification console, the programmable auction server to implement at least one of the trading primitives to deploy and manage the universal auction system."
>
> Friedland lacks explicit recitation of "at least one market protocol including a trading primitive that the user configures to dictate the behavior of the universal auction system . . . ."
>
> It would have been obvious to a person of ordinary skill in the art at the time of the invention that the disclosure of Friedland (col. 2, ll. 65-67; the ABSTRACT; FIG. 14, FIG. 17, FIG. 16; FIG. 18; FIG. 5; FIG. 6; FIG 7; FIG. 10; FIG. 12; FIG. 13; col. 2, ll. 42-65; col. 8, ll. 27-50) implicitly shows "at least one market protocol including a trading primitive that the user configure to dictate the behavior of the universal auction system...." And it would have been obvious to modify and interpret the disclosure of Friedland cited above as showing "at least one market protocol including a trading primitive that the user configures to dictate the behavior of the universal auction system..." because modification and interpretation of the cited disclosure of Friedland would have provided means for *"distribution of realtime, live auctions..."* (see Friedland col. 2, ll. 65-67).

Applicant respectfully submits that Friedland, having a filing date of December 30, 1998, does not antedate the effective filing date of the present application for independent claim 22 (as first submitted in an Office Action response dated October 13, 2003, to an Office Action dated July 11, 2003). The present application claims priority to application serial number 09/131,048, now issued patent number 6,285,989 (the `989 patent), filed August 7, 1998. The `989 patent discloses "a market specification console" and "a programmable auction server" (see col. 5, lines 20 – 35), as recited in claim 22.

Accordingly, applicant respectfully submits that the rejection of claim 22 is improper under MPEP § 706.02 and respectfully request removal of the rejection under 35 U.S.C. § 103(a). Claims 9 – 13 depend from independent claim 22 and include all the limitations of the base claim. As such, applicant respectfully requests the removal of the rejection for claims 9 – 13 under 35 U.S.C. § 103(a).

If the allowance of these claims could be facilitated by a telephone conference, the Examiner is invited to contact Suk Lee at (408) 720-8300. If there are any additional charges, please charge our Deposit Account No. 02–2666.

Respectfully submitted,
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